University of Louisiana
Monroe Facilities, Inc.

Independent Auditors' Report and
Financial Statements

As of and For the Years Ended
June 30, 2013 and 2012

**UNIVERSITY OF LOUISIANA
MONROE FACILITIES, INC.**

**AS OF AND FOR THE YEARS ENDED
JUNE 30, 2013 AND 2012**

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Independent Auditors' Report

LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
University of Louisiana Monroe Facilities, Inc.
Monroe, Louisiana

We have audited the accompanying financial statements of University of Louisiana Monroe Facilities, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of Louisiana Monroe Facilities, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenues, Expenses, and Capitalized Expenditures Made to or on Behalf of ULM's Intercollegiate Athletics Program on page 26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Little & Associates, LLC

Monroe, Louisiana
August 27, 2013

Financial Statements

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013 AND 2012

ASSETS

	2013	2012
CURRENT ASSETS		
Cash and Cash Equivalents - Restricted	$ 5,047,393	$ 4,018,010
Accounts Receivable, Net of Allowance for Doubtful Accounts	86,408	112,921
Due From ULM - Student Rent Collections	134,179	106,425
Total Current Assets	5,267,980	4,237,356
RESTRICTED ASSETS		
Cash and Cash Equivalents - Noncurrent	5,735,360	8,119,667
Total Restricted Assets	5,735,360	8,119,667
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	50,991,683	52,378,385
OTHER ASSETS		
Debt Issuance Costs, net of Accumulated Amortization	1,674,558	1,576,009
Total Other Assets	1,674,558	1,576,009
TOTAL ASSETS	$ 63,669,581	$ 66,311,417

The accompanying notes are an integral part of these financial statements.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013 AND 2012

LIABILITIES AND NET ASSETS

	2013	2012
CURRENT LIABILITIES		
Accounts Payable - Operations	$ 400,006	$ 389,987
Deferred Revenues - Student Rents & Other	318,625	166,972
Contracts & Retainage Payable	302,259	95,938
Accrued Interest Payable	188,752	294,083
Interest Rate Swaps Liability	-	841,445
Current Portion of Long-Term Debt	525,000	1,255,000
Total Current Liabilities	1,734,642	3,043,425
LONG-TERM LIABILITIES		
Notes Payable	66,420,000	69,295,000
Less: Current Portion of Long-Term Debt	(525,000)	(1,255,000)
Total Notes Payable, net of Current Portion	65,895,000	68,040,000
TOTAL LIABILITIES	67,629,642	71,083,425
NET ASSETS		
Unrestricted Net Assets	(3,960,061)	(4,772,008)
Total Net Assets	(3,960,061)	(4,772,008)
TOTAL LIABILITIES AND NET ASSETS	$ 63,669,581	$ 66,311,417

The accompanying notes are an integral part of these financial statements.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
UNRESTRICTED NET ASSETS		
OPERATING REVENUES		
Student Rent Income	$ 7,285,531	$ 7,048,092
Student Fees	1,406,106	1,541,178
Other Income	21,550	16,598
Total Operating Revenues	8,713,187	8,605,868
OPERATING EXPENSES		
Program Services:		
Property Management Expenditures	2,851,347	2,544,333
Bad Debt Expense	7,782	14,081
Other Operating Expenses	51,365	38,561
Depreciation Expense	2,212,354	2,555,561
Total Operating Expenses	5,122,848	5,152,536
Change in Net Assets From Operations	3,590,339	3,453,332
NONOPERATING REVENUES (EXPENSES)		
Investment Income	5,332	6,231
Interest Expense	(2,483,374)	(3,375,542)
Bond Related Fees	(14,000)	(3,000)
Write-Off of Unamortized Bond Costs on Disposition of Bonds	(102,967)	-
Amortization - Debt Issuance Costs	(9,103)	(18,439)
Gain (Loss) on Disposition of Property and Equipment	-	(138,792)
Transfer / Donation of Funds to the University of Louisiana at Monroe	(1,015,725)	-
Total Nonoperating Revenues (Expenses)	(3,619,837)	(3,529,542)
Change in Unrestricted Net Assets Before Realized / Unrealized Gains (Losses)	(29,498)	(76,210)

The accompanying notes are an integral part of these financial statements.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

		2013		2012
REALIZED / UNREALIZED GAINS (LOSSES)				
Realized Gain (Loss) on Termination of Interest Rate Swap		841,445		-
Unrealized Gain (Loss) on Interest Rate Swaps		-		1,946,570
Total Unrealized Gains (Losses)		841,445		1,946,570
Change in Unrestricted Net Assets		811,947		1,870,360
Change in Net Assets		811,947		1,870,360
Net Assets, Beginning of Year		(4,772,008)		(6,642,368)
Net Assets, End of Year	$	(3,960,061)	$	(4,772,008)

The accompanying notes are an integral part of these financial statements.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Cash Flows from Operating Activities		
Change in net assets	$ 811,947	$ 1,870,360
Adjustments to Reconcile Decrease in Net Assets		
To Net Cash Provided by Operating Activities:		
Write-Off of Unamortized Bond Issue Costs	102,967	-
Realized / Unrealized Gain (Loss)		
on Interest Rate Swaps	(841,445)	(1,946,570)
(Gain) Loss on Disposition of Property and Equipment	-	138,792
Depreciation Expense	2,212,354	2,555,561
Amortization Expense - Debt Issuance Costs	9,103	18,439
(Increase) Decrease in Receivables	26,513	6,524
(Increase) Decrease in Amount Due from ULM	(27,754)	178,203
Increase (Decrease) in Accounts Payable	10,019	107,586
Increase (Decrease) in Deferred Revenue	151,653	(30,421)
Increase (Decrease) in Accrued Interest Payable	(105,331)	(6,578)
Net Cash Provided (Used) by Operating Activities	2,350,026	2,891,896
Cash Flows from Investing Activities		
Payments for Property and Equipment Acquisition		
and Construction	(619,331)	(2,228,500)
Net Cash Provided (Used) by Investing Activities	(619,331)	(2,228,500)
Cash Flows from Financing Activities		
Principal Payments on Debt	(2,875,000)	(1,040,550)
Payments of Debt Issuance Costs	(210,619)	(4,337)
Net Cash Provided (Used) by Financing Activities	(3,085,619)	(1,044,887)

The accompanying notes are an integral part of these financial statements.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Net Increase (Decrease) in Cash and Cash Equivalents	(1,354,924)	(381,491)
Cash and Cash Equivalents at Beginning of Year	12,137,677	12,519,168
Cash and Cash Equivalents at End of Year	$ 10,782,753	$ 12,137,677

Supplemental Disclosure of Cash Flow Information

	2013	2012
Cash Paid During The Year For Interest:		
Capitalized	$ -	$ 23,936
Expensed	2,588,705	3,358,184
Total	$ 2,588,705	$ 3,382,120
Cash and Cash Equivalents are Presented as Follows in the Statement of Financial Position:		
Current Assets:		
Cash and Cash Equivalents - Restricted	5,047,393	4,018,010
Restricted Assets:		
Cash and Cash Equivalents - Noncurrent	5,735,360	8,119,667
Total	$ 10,782,753	$ 12,137,677

Schedule of Noncash Investing/Financing Activities

	2013	2012
Acquisition of Property and Equipment Through the Incurrence of Liabilities	$ 300,759	$ 95,938

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2013 AND 2012

NOTE 1 – ORGANIZATION

ULM Facilities, Inc. (the "Facilities"), a non-profit corporation, was organized under the laws of the State of Louisiana on February 27, 2004. The Facilities was formed for the benefit of the University of Louisiana at Monroe ("ULM") and its principal purpose is to coordinate, construct, and finance the development of facilities on the campus of ULM and to oversee the management of such facilities. Certain operations are regulated by the Board of Supervisors for the University of Louisiana System (the "Board"), the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority"), and Regions Bank (the "Trustee") through the provisions of ground and buildings lease agreements, facilities lease agreements, loan and assignment agreements, and trust indentures, including amendments and supplements, as applicable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Accounting

The financial statements of the Facilities are prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles.

Basis of Presentation

Financial statement presentation follows the provisions of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 958, *Not-for-Profit Organizations*. Under FASB ASC 958, the Facilities is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Facilities considers all cash and all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at unpaid balances less an allowance for doubtful accounts. Accounts receivable consists of the amount due from students for housing rental and the amount due on the Laundry Room Lease. At June 30, 2013 and 2012, the accounts receivable for student rents totaled $108,155 and $150,961, respectively, and the amount due under the Laundry Room Lease agreement totaled $10,700 and $7,248, respectively. The accounts receivable are reported net of the allowance for doubtful accounts. The allowance for doubtful accounts totaled $32,447 and $45,288 at June 30, 2013 and 2012, respectively. The allowance for doubtful accounts for student rent receivables is estimated by applying a historical percentage to the rents receivable due from former students. The receivables due from student rents are considered to be past due when they are still owed as of the fourteenth class day of each semester. These receivables are deemed uncollectible once the student is no longer enrolled at ULM and are charged-off if there is no activity for a three-year period from the date they are deemed uncollectible.

Property, Equipment, and Depreciation

Project costs clearly associated with the acquisition, development, and construction/renovation of buildings, structures, and site improvements are capitalized. Indirect project costs that relate to several projects are capitalized and allocated to the projects to which the costs relate. Indirect costs that do not clearly relate to projects under development or construction, including general and administrative expenses, are charged to expense as incurred. Interest related to the development and construction of a project is allocated to the project's cost through the date of substantial completion of the project. Furniture, fixtures, equipment, and site improvements are recorded at acquisition cost. Donations of property and equipment are recorded as contributions at their estimated fair value. The Facilities capitalizes additions of property and equipment in excess of $1,000 cost or fair value, if donated.

Depreciation is provided for in amounts sufficient to relate the cost or fair value of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements that materially prolong the useful lives of assets are capitalized, while expenditures for normal maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

Derivative Instruments

The Facilities uses derivative instruments to manage its risks related to interest rate movements on certain of its variable interest rate loans. The Facilities has interest rate swap agreements that were entered into as a hedge of cash flow variability caused by changes in interest rates on variable rate bonds. The differential interest required to be paid or that will be received under these agreements is accrued consistent with the terms of the agreements and is recognized in interest expense as accrued. Terms of the swap agreements require the differential interest to be paid or received monthly. Generally accepted accounting principles require derivative instruments, such as interest rate swap agreements, to be recognized at fair value as either assets or liabilities in the statement of financial position. Each of the swap agreements terminated on November 1, 2012, as a result of the refinancing and restructuring of the 2004 series bonds. See Note 5 – Notes Payable and

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Financing Agreements for additional information regarding the Facilities' interest rate swap agreements.

Amortization

Debt issuance costs are being amortized over the lives of the debt using the effective interest method. Debt issuance costs are reported net of accumulated amortization of $58,045 and $50,189 as of June 30, 2013 and 2012, respectively. During 2013, as a result of the refinancing of the Series 2004 Bond, unamortized bond issuance costs in the amount of $102,967 were written off.

Student Rent Income

Student Rent Income is derived primarily from student rentals of the housing facilities and is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases for student housing are operating leases and do not exceed twelve months in duration.

Student Fees

Student Fees consists of a portion of the Student Health Center Fees, Student Union Fees, Student Success Center Fees, Athletic Facility Fees, and Vehicle Fees, which are charged, as applicable, to the students at the time of enrollment in ULM. The Facilities records Student Fees in income at the time such fees are received by the Facilities. The Student Fees received from ULM are considered to be "rents" in accordance with the terms of each Agreement to Lease With Option to Purchase as described in Note 7 – Ground and Facilities Lease Agreements.

Advertising Costs

Advertising and marketing costs are expensed as incurred.

Income Taxes

The Facilities is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. During the year ended June 30, 2010, the Facilities adopted certain provisions of FASB ASC 740, *Income Taxes*. The Facilities believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Facilities' Federal Return of Organization Exempt from Income Tax (Form 990) for the years ended June 30, 2012, 2011, and 2010 are subject to examination by the IRS, generally for three years after they were filed.

NOTE 3 – RESTRICTED ASSETS – CASH AND CASH EQUIVALENTS

The Louisiana Local Government Environmental Facilities and Community Development Authority has had several bond issues, the proceeds of which have been loaned to the Facilities. The provisions of the various Trust Indentures and Loan and Assignment Agreements between the Facilities and the Authority require the Facilities to establish various trust funds with the Trustee which are restricted in use for, among other things,

NOTE 3 – RESTRICTED ASSETS – CASH AND CASH EQUIVALENTS (CONTINUED)

debt service, capital projects, renovations, and operations. The Trust funds are included in cash and cash equivalents in the statement of financial position.

Project Account – Scoreboards, Athletic Venue Upgrades, & Video Display Boards

During the year ended June 30, 2011, the Facilities received the proceeds of financing in the amount of $2,000,000, which is restricted for the installation of scoreboards and for upgrades at various athletic venues on the campus of ULM and for two electronic display boards. At June 30, 2013, an unexpended fund balance in the amount of $350,008 was on deposit with Regions Bank and is included in cash and cash equivalents.

Replacement Fund

In accordance with the provisions of the Trust Indentures, the Facilities is required to fund Replacement Funds on an annual basis. The Replacement Funds are to be used to (i) fund the cost of replacing any worn out, obsolete, inadequate, unsuitable or undesirable property, furniture, fixtures, or equipment placed upon or used in connection with those facilities which were funded through bond proceeds and (ii) maintain such facilities and to make all alterations, repairs, restorations, and replacements to such facilities as and when needed to preserve the facilities in good working order, condition, and repair. Funds in the Replacement Funds may, with the consent of the bondholders, also be used to pay debt service on the bonds in the event there are insufficient funds in the Debt Service Fund and Debt Service Reserve Fund on the date such payment of debt service is due.

The Series 2004A & 2004B Trust Indenture and the Series 2004C & 2004D Trust Indenture require the Facilities to fund the Replacement Fund on annual basis beginning on November 1, 2006. The annual amount required to be funded is equal to one and one-half percent (1.5%) of the hard construction costs (not including professional services and fees) payable from the proceeds of the bonds. As of June 30, 2013, the Replacement Fund balance totaled $3,292,074.

The Series 2006 Trust Indenture requires the Facilities to fund the Replacement Fund on annual basis beginning on November 1, 2008. The annual amount required to be funded is equal to one-half percent (0.5%) of the hard construction costs (not including professional services and fees) payable from the proceeds of the bonds. As of June 30, 2013, the Replacement Fund balance totaled $32,502.

The Series 2007 Trust Indenture requires the Facilities to fund the Replacement Fund on annual basis beginning on November 1, 2009. The annual amount required to be funded is equal to one and one-half percent (1.5%) of the hard construction costs (not including professional services and fees) payable from the proceeds of the bonds. As of June 30, 2013, the Replacement Fund balance totaled $118,519.

The total amount required to be contributed annually to the Replacement Funds is $777,586. As of June 30, 2013, the Replacement Funds were adequately funded.

NOTE 3 – RESTRICTED ASSETS – CASH AND CASH EQUIVALENTS (CONTINUED)

Debt Service Reserve Funds

The Facilities maintains Debt Service Reserve Funds for the Series 2004A and Series 2004A-T debt, the Series 2004C and Series 2004C-T debt (Series 2004), and the Series 2006 debt. Moneys in each of the Debt Service Reserve Funds will be used to pay the amounts due on the related debt but only to the extent that there are not sufficient funds in the Receipts Fund to pay such amounts. During 2013 the Series 2004 bonds were refinanced and the 2004A-T and 2004C-T bond obligations were paid in full, therefore relinquishing the need for debt service reserves on the bonds. As of June 30, 2013, the Series 2004A Debt Service Fund totaled $1,120,511, the Series 2004C Debt Service Reserve Fund totaled $1,021,575, and the Series 2006 Debt Service Reserve Fund totaled $150,003.

NOTE 4 – PROPERTY AND EQUIPMENT

At June 30, 2013 and 2012, property and equipment are comprised of the following:

	2013	2012
Buildings and Renovations	$ 58,502,952	$ 58,174,651
Furniture, Fixtures, & Equipment	4,622,252	4,622,252
Site Improvements	3,090,680	3,090,680
Campus Parking	1,370,081	1,370,081
Total Depreciable Property	67,585,965	67,257,664
Less: Accumulated Depreciation	(17,119,661)	(14,907,307)
Net Depreciable Property	50,466,304	52,350,357
Construction-in-Progress	525,379	28,028
Net Property and Equipment	$ 50,991,683	$ 52,378,385

At June 30, 2013, all of the Facilities' property and equipment was leased to the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, in accordance with the facility lease agreements discussed in Note 7 to the financial statements.

NOTE 5 – NOTES PAYABLE AND RELATED FINANCING AGREEMENTS

Notes Payable - Series 2004A, 2004A-T, 2004C, & 2004C-T

On June 30, 2004, the Louisiana Local Government Environmental Facilities and Community Development Authority issued $33,365,000 in Tax-Exempt Variable Rate Revenue Bonds (Series 2004A) and $1,845,000 in Taxable Variable Rate Revenue Bonds (Series 2004B). On December 8, 2004, the Authority issued $32,515,000 in Tax-Exempt Variable Rate Revenue Bonds (Series 2004C) and $1,165,000 in Taxable Variable Rate Revenue Bonds (Series 2004D). The proceeds of the bond issues were loaned to ULM Facilities, Inc. for

NOTE 5 – NOTES PAYABLE AND RELATED FINANCING AGREEMENTS (CONTINUED)

the following purposes: (i) to demolish eight (8) existing dormitories on the campus of the University of Louisiana at Monroe, (ii) to design, develop, and construct new on-campus student housing and to renovate and refurbish existing on-campus student housing, (iii) to design, develop, and construct a new on-campus student infirmary, (iv) to expand and renovate ULM's student center, (v) to pay off housing-related debt in the amount of $1,178,926, and (vi) to fund various reserves and to pay bond issuance costs. The Series 2004A and Series 2004B bond proceeds were loaned to the Facilities pursuant to a Loan and Assignment Agreement by and between the Facilities and the Authority dated June 1, 2004. The Series 2004C and 2004D bond proceeds were loaned to the Facilities pursuant to a First Amendment to Loan and Assignment Agreement by and between the Facilities and the Authority dated December 1, 2004. During the year ended June 30, 2009, the indebtedness represented by the Series 2004B Bonds and Series 2004D Bonds was paid in full.

On December 1, 2009, the Authority and Regions Bank entered into the Second Supplemental Trust Indenture whereby the Series 2004C bonds totaling $32,240,000 were reissued as Tax-Exempt Variable Rate Revenue Bonds -Series 2004C bonds in the amount of $30,000,000 and Taxable Variable Rate Revenue Bonds - Series 2004C-T in the amount of $2,240,000. As detailed in the Second Supplemental Trust Indenture, the Series 2004C bonds and the Series 2004C-T bonds are referred to as "Bank Rate Bonds". The Series 2004C bonds are subject to an interest rate of 59.8% of the LIBOR Rate plus 1.6% (the "Bank Rate"), and the Series 2004C-T bonds are subject to an interest rate of the LIBOR Rate plus 1.5% (the "Taxable Bank Rate").

On January 1, 2010, the Authority and Regions Bank entered into the Third Supplemental Trust Indenture whereby the Series 2004A bonds totaling $33,365,000 were reissued as Tax-Exempt Variable Rate Revenue Bonds -Series 2004A bonds in the amount of $30,000,000 and Taxable Variable Rate Revenue Bonds - Series 2004A-T in the amount of $3,365,000. As detailed in the Third Supplemental Trust Indenture, the Series 2004A bonds and the Series 2004A-T bonds are referred to as "Bank Rate Bonds". The Series 2004A bonds are subject to an interest rate of 59.8% of the LIBOR Rate plus 1.6% (the "Bank Rate"), and the Series 2004A-T bonds are subject to an interest rate of the LIBOR Rate plus 1.5% (the "Taxable Bank Rate").

On November 1, 2012, the Authority and Regions Bank entered into an Amended and Restated Trust Indenture, which amends and restates in its entirety all previous amendments to the Trust Indenture (The First Supplemental Indenture, The Second Supplemental Indenture and the Third Supplemental Indenture – The Prior Indenture). The amendment is in connection with the refinancing and reissuance of the Series 2004 Bonds and the conversion of the 2004A-T Bonds and the 2004C-T Bonds into Bank Rate Bonds, on which the interest is exempt from federal income taxation. The current interest rate on the Bank Rate Bonds is 2.92% per annum, which is fixed for a period of 10 years.

The principal and interest payments on the loans are required to be the amount equal to the principal and interest amounts of the underlying bonds. To secure the Facilities' obligations under the Loan and Assignment Agreement, as amended, the Facilities transferred, assigned, and pledged unto the Authority, all right, title, and interest of the Facilities in, to and under the each Amended and Restated Agreement to Lease With Option to Purchase between the Facilities and the Board of Supervisors for the University of Louisiana System, all rents and receipts derived from occupancy of the on-campus facilities, and any and all additional revenues received by the Facilities. As of June 30, 2013 the terms of the loans are as follows:

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2013 AND 2012

NOTE 5 – NOTES PAYABLE AND RELATED FINANCING AGREEMENTS (CONTINUED)

	UNDERLYING BONDS			
	Series 2004A Bonds	Series 2004A-T Bonds	Series 2004C Bonds	Series 2004C-T Bonds
Original Loan Amount (Before Refinancing)	$30,000,000	$3,365,000	$30,000,000	$2,515,000
Original Loan Amount (After Refinancing)	$32,675,000	$0	$29,790,000	$0
Annual Interest Rate	Bank Rate	N/A	Bank Rate	N/A
Interest Payments Due	Monthly	N/A	Monthly	N/A
Principal Payments Due	November 1	N/A	November 1	N/A
Commencing	11/01/2014	N/A	11/01/2014	N/A
Maturity Date	11/01/2034	N/A	11/01/2035	N/A

	UNDERLYING BONDS			
	Series 2004A Bonds	Series 2004A-T Bonds	Series 2004C Bonds	Series 2004C-T Bonds
Principal Balance Due At 06/30/13	$32,675,000	$0	$29,790,000	$0
Principal Balance Due At 06/30/12	$30,000,000	$3,365,000	$30,000,000	$1,545,000

Note Payable - Series 2006 Bonds

On November 29, 2006, the Louisiana Local Government Environmental Facilities and Community Development Authority issued $1,500,000 in Revenue Bonds (Series 2006). The proceeds of the bond issue were loaned to ULM Facilities, Inc. for the following purposes: (i) to finance a portion of the design, development, construction, and equipping of an Intermodal Transit Facility and the improvement of existing parking lots or construction of new parking lots for students, faculty, staff and the public on the campus of the University of Louisiana at Monroe; (ii) to fund a deposit to a debt service reserve fund, if necessary; and (iii) to pay bond issuance costs. The Series 2006 bond proceeds were loaned to the Facilities pursuant to a Loan and Assignment Agreement by and between the Facilities and the Authority dated November 29, 2006.

The principal and interest payments on the loan are required to be the amount equal to the principal and interest amounts of the underlying bonds. As such, the loan bears interest at a rate of 5.06% per annum and

NOTE 5 – NOTES PAYABLE AND RELATED FINANCING AGREEMENTS (CONTINUED)

matures on November 1, 2016. Interest is payable on the loan on May 1st and November 1st of each year and principal is payable on November 1st of each year. To secure the Facilities' obligations under the Loan and Assignment Agreement, the Facilities transferred, assigned, and pledged unto the Authority, all right, title, and interest of the Facilities in, to and under the Agreement to Lease With Option to Purchase dated November 29, 2006, between the Facilities and the Board of Supervisors for the University of Louisiana System, and any leases, subleases and use agreements or other similar agreements relating to the Intermodal Transit Facility, all rents, issues, receipts and profits derived from the use or occupancy of the Intermodal Transit Facility, and any and all additional revenues, income, receipts and other payments, including but not limited to, insurance proceeds, grants, donations, sale proceeds received by the Facilities for or relating to the Intermodal Transit Facility. The principal balance due on the Note Payable – Series 2006 Bonds totaled $690,000 and $845,000 at June 30, 2013 and 2012, respectively.

Note Payable - Series 2007

On October 1, 2007, the Louisiana Local Government Environmental Facilities and Community Development Authority issued $2,045,000 in Revenue Bonds (Series 2007). The proceeds of the bond issue were loaned to ULM Facilities, Inc. for the following purposes: (i) demolishing and/or renovating certain existing buildings and developing, constructing, and equipping a student learning enhancement facility [the Clarke M. Williams Student Success Center (the "Student Success Center")], related facilities, and other campus improvements; and (ii) to pay bond issuance costs. The Series 2007 bond proceeds were loaned to the Facilities pursuant to a Loan and Assignment Agreement by and between the Facilities and the Authority dated October 1, 2007.

The principal and interest payments on the loan are required to be the amount equal to the principal and interest amounts of the underlying bonds. As such, the loan bears interest at a rate of 5.40% per annum and matures on October 1, 2027. Interest is payable on the loan on April 1st and October 1st of each year and principal is payable on October 1st of each year. To secure the Facilities' obligations under the Loan and Assignment Agreement, the Facilities transferred, assigned, and pledged unto the Authority, all right, title, and interest of the Facilities in, to and under the Agreement to Lease With Option to Purchase dated October 1, 2007, between the Facilities and the Board of Supervisors for the University of Louisiana System, and any leases, subleases and use agreements or other similar agreements relating to the Student Success Center, all rents, issues, receipts and profits derived from the use or occupancy of the Student Success Center, and any and all additional revenues, income, receipts and other payments, including but not limited to, insurance proceeds, grants, donations, sale proceeds received by the Facilities for or relating to the Student Success Center. The principal balance due on the Note Payable – Series 2007 Bonds totaled $1,715,000 and $1,790,000 at June 30, 2013 and 2012, respectively.

Note Payable – Regions Bank (Artificial Turf)

On April 17, 2007, the Facilities entered into a $577,150 loan agreement with Regions Bank for the purpose of replacing the football field turf with an artificial surface. The loan bears interest at a rate of 6.00% and matures on April 15, 2012. The loan is to be repaid in nine (9) principal payments of $57,700 and one (1) final principal payment of $57,850. The first principal payment is due on October 15, 2007, and all subsequent principal payments are due on the same day of each half-year after that. In addition, the Facilities will pay

NOTE 5 – NOTES PAYABLE AND RELATED FINANCING AGREEMENTS (CONTINUED)

regular semi-annual payments of all accrued unpaid interest due as of each payment date beginning on October 15, 2007, with all subsequent interest payments to be due on the same day of each half-year after that. The loan is collateralized by the Student Athletic Fees paid by each student at the University of Louisiana at Monroe. The note was paid in full during the year ended June 30, 2012.

Note Payable – Regions Bank (Athletic Scoreboards and Facility Upgrades)

On March 11, 2011, the Facilities entered into a $2,000,000 loan agreement with Regions Bank for the purposes of: (i) replacing scoreboards at the football, baseball, softball, and soccer venues; (ii) replacing approximately 2,300 of the chair-back seats in Malone Stadium; (iii) constructing dugouts for the softball and soccer fields; and (iv) installing two electronic display boards. The loan bears interest at a rate of 4.60% and matures on March 11, 2016. The loan is to be repaid in nineteen (19) quarterly installments of principal of $50,000 plus accrued interest. A final principal payment of $1,050,000 plus accrued interest is due on March 11, 2016. The first principal and interest payment was due on June 11, 2011, and all subsequent principal and interest payments are due on the same day of every third month after that. As collateral security for repayment of the note, the Facilities granted Regions Bank a continuing security interest in any and all funds that the Facilities has on deposit with Regions Bank. The principal balance due on this loan totaled $1,550,000 and $1,750,000 at June 30, 2013 and 2012, respectively.

Aggregate Maturities of Long-Term Debt

The aggregate maturities of long-term debt for each of the next five years and in five-year increments thereafter, based on interest rates in effect at June 30, 2013, are as follows:

Years Ending June 30,	Interest Rate Swaps	Principal	Variable & Fixed Rate Interest	Totals
2014	-	525,000	2,037,761	2,562,761
2015	-	1,990,000	1,984,806	3,974,806
2016	-	3,090,000	1,907,142	4,997,142
2017	-	2,115,000	1,797,127	3,912,127
2018	-	2,095,000	1,729,850	3,824,850
2019 - 2023	-	12,900,000	7,534,037	20,434,037
2024 - 2028	-	14,660,000	5,400,608	20,060,608
2029 - 2033	-	16,990,000	3,004,670	19,994,670
2034 - 2036	-	12,055,000	488,503	12,543,503
	-	-	-	-
	$ -	$ 66,420,000	$ 25,884,504	$ 92,304,504

The total amount of interest costs incurred for the year ended June 30, 2013, totaled $2,483,374, all of which was charged to expense.

NOTE 5 – NOTES PAYABLE AND RELATED FINANCING AGREEMENTS (CONTINUED)

Remarketing Agreement

The Facilities, Regions Bank (as Trustee), and Morgan Keegan and Company, Inc. ("Morgan Keegan") entered into two remarketing agreements whereby Morgan Keegan was appointed to serve as the Remarketing Agent under the Trust Indenture (Series 2004A and 2004B bonds) and the First Supplemental Indenture (Series 2004C and 2004D bonds), collectively, the "Indentures". The duties of Morgan Keegan as the Remarketing Agent include the weekly computation of the variable interest rates on those bonds outstanding that have not been converted to a fixed interest rate. In accordance with the Second Supplemental Trust Indenture and the Third Supplemental Trust Indenture, the Remarketing Agreement and the duties and obligations of the Remarketing Agent are suspended during the period of time in which the bonds bear interest at the Bank Rate. As a result of the refinancing and restructuring of the Series 2004 Bonds into Bank Rate Bonds during the year ended June 30, 2013, there is no longer a Remarketing Agent Requirement.

Interest Rate Swaps

On October 31, 2007, The Louisiana Local Government Environmental Facilities and Community Development Authority and Regions Bank entered into two interest rate swap agreements ("Swap Agreements") on its Series 2004A and Series 2004C bonds. During the year ended June 30, 2010, the Authority and Regions Bank terminated the existing Swap Agreements and entered into four new Swap Agreements. The Swap Agreements are fixed rate swaps that are utilized to mitigate or eliminate the interest rate exposure of the variable rate bonds. In essence, the intention of the Swap Agreements is to effectively change the Facilities' variable interest rate on the bonds to a synthetic fixed rate. Each of the Swap Agreements terminated on November 1, 2012, as a result of the Refinancing and Restructuring of the 2004 Series Bonds. See Note 2 for additional information on the Facilities' purpose for entering into derivatives utilized to manage its interest rate risk.

The Notional Amount, the Fixed Rate, and the Floating Rate Option of each Swap Agreement that were in place through November 1, 2012 are as follows:

Bond	Amount	Fixed Rate	Rate Option
Series 2004A	$ 30,000,000	3.3440%	59.80% of LIBOR
Series 2004A-T	$ 1,065,000	3.9150%	LIBOR
Series 2004C	$ 30,000,000	3.2440%	59.80% of LIBOR
Series 2004C-T	$ 1,545,000	4.1600%	LIBOR

NOTE 5 – NOTES PAYABLE AND RELATED FINANCING AGREEMENTS (CONTINUED)

Generally accepted accounting principles require derivative instruments that are designated and qualifying as hedging instruments, such as the Facilities Swap Agreements, to be recognized at fair value as either assets or liabilities in the statement of financial position. Accordingly, the negative $841,445 total value of the Swap Agreements at June 30, 2012, was reported as a liability in the statement of financial position. This reflects a $1,946,570 decrease in the liability (i.e., increase in value of the swap) since the prior fiscal year. This increase in value was reported in the statement of activities in unrealized gains (losses). The fair values at June 30, 2012 used significant unobservable inputs (Level 3) based on the expected cash flows over the life of the trade as calculated by Regions Bank. The expected cash flows are determined by evaluating transactions with a pricing model using the closing mid-market market rate/price environment of June 30, 2012, as applicable. There have been no changes in valuation techniques and related inputs for periods in which the swap agreements were in place. As a result of the termination of the Swap Agreements and the Refinancing and Restructuring of the Series 2004 Bonds, a Realized Gain on the termination of the swap agreements in the amount of $841,445 was recognized during the year ended June 30, 2013.

NOTE 6 – CONCENTRATIONS OF CREDIT RISK

The Facilities has demand deposits held in trust, as well as separately from the trust, by Regions Bank. The Facilities also has short-term investments (cash equivalents) in various funds containing U. S. Treasury securities, which are held in trust by Regions Bank. The short-term investments, totaling $1,984,553 [at fair value (Level 1 inputs – quoted prices in active markets for identical assets) and at cost], are collateralized by U. S. Treasury securities and are uninsured and thus, are exposed to credit risk. The demand deposits, in total, are insured by the Federal Deposit Insurance Corporation in an amount up to $250,000. The Facilities had uninsured deposit balances totaling $8,548,200 at June 30, 2013. The Facilities maintains its cash with a high quality financial institution which the Facilities believes limits these risks.

The Facilities has concentrations of credit risk relevant to its receivables for student rents and the laundry contract.

The Facilities does not require collateral to support financial instruments subject to credit risk.

NOTE 7 – GROUND AND FACILITIES LEASE AGREEMENTS

<u>Student Housing, Student Health Center, and Student Union</u>

Ground Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into an Amended and Restated Ground and Buildings Lease Agreement (the "Ground Lease") on June 1, 2004. Under the terms of the Ground Lease, the Board leases certain tracts of land and buildings owned by the Board and located on the campus of ULM to the Facilities for the sum of $1 per year. The Facilities entered into the Ground Lease for the purpose of demolishing certain existing facilities and renovating, developing, and constructing student housing and related facilities, a student union and an infirmary. The Board owns all of the facilities included in the Ground Lease subject to the Facilities rights

NOTE 7 – GROUND AND FACILITIES LEASE AGREEMENTS (CONTINUED)

under the Ground Lease and leases back the student housing and related facilities, student union, and infirmary from the Facilities for the support, maintenance, and benefit of the Board and ULM. See Facilities Lease below.

Unless terminated sooner as provided in the Ground Lease, the lease will terminate on the earlier of (i) November 1, 2044, or (ii) the date on which the Bonds issued on behalf of the Facilities to pay for construction of the student housing and related facilities have been paid or have been deemed to have been paid in full.

Facilities Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into an Amended and Restated Agreement to Lease With Option to Purchase (the "Facilities Lease") on June 1, 2004. Under the terms of the Facilities Lease, the Facilities leases the student housing and related facilities to the Board, and the Board agrees, upon completion of renovation and construction of the student housing and related facilities, to accept possession of such housing and facilities. Under the terms of the Facilities Lease, the Board is required to pay a base rental and an additional rental to the Facilities for the use and occupancy of the student housing and facilities. The base rental is due on the dates that principal and/or interest are due and payable on the bonds and in amounts equal to the principal and/or interest due and payable. The base rental also includes payments made to meet the reserve funding requirements of the Indentures. The Board agrees to pay as additional rental any and all expenses incurred by the Facilities on behalf of the Board and/or by the Board or ULM in the management, operation, and/or maintenance of the student housing and related facilities.

Unless terminated sooner as provided in the Facilities Lease, the lease will terminate on the earlier of (i) November 1, 2044, or (ii) the date that all amounts owed under the Indentures have been paid.

Intermodal Parking and Transit Facility and Parking Improvements

Ground Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into a Ground and Buildings Lease Agreement (the "Ground Lease") on November 29, 2006. Under the terms of the Ground Lease, the Board leases certain tracts of land owned by the Board and located on the campus of ULM to the Facilities for the sum of $1 per year. The Facilities entered into the Ground Lease for the purpose of developing and constructing an intermodal parking and transit facility, related facilities, and other campus parking improvements. The Board owns all of the facilities included in the Ground Lease subject to the Facilities rights under the Ground Lease and, upon completion, will lease back the intermodal parking and transit facility, related facilities, and other campus parking improvements from the Facilities for use by the students, faculty, and staff of ULM and such other persons as set forth in the Facilities Lease described below.

Unless terminated sooner as provided in the Ground Lease, the lease will terminate on the earlier of (i) November 1, 2021, or (ii) the date on which the Bonds issued on behalf of the Facilities to pay for construction

NOTE 7 – GROUND AND FACILITIES LEASE AGREEMENTS (CONTINUED)

of the intermodal parking and transit facility, related facilities, and other campus parking improvements have been paid or have been deemed to have been paid in full.

Facilities Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into an Agreement to Lease With Option to Purchase (the "Facilities Lease") on November 29, 2006. Under the terms of the Facilities Lease, the Facilities will lease, upon completion, the intermodal parking and transit facility, related facilities, and other campus parking improvements to the Board, and the Board agrees, upon completion of construction of the parking projects to accept possession of the parking facility and improvements. Under the terms of the Facilities Lease, the Board is required to pay a base rental and an additional rental to the Facilities for the use of the parking and transit facility, related facilities, and other campus parking improvements. The base rental is due on the 15th day of the month preceding the dates that principal and/or interest are due and payable on the bonds and in amounts equal to the principal and/or interest due and payable. The base rental also includes payments made to meet the Replacement Fund funding requirements of the Indenture. The Board agrees to pay as additional rental any and all expenses incurred by the Facilities on behalf of the Board and/or by the Board or ULM in the management, operation, and/or maintenance of the parking projects.

Unless terminated sooner as provided in the Facilities Lease, the lease will terminate on the earlier of (i) November 1, 2021, or (ii) the date that all amounts owed under the Indentures have been paid.

<u>Artificial Turf – Malone Stadium</u>

Ground Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into a Ground Lease Agreement (the "Ground Lease") on April 17, 2007. Under the terms of the Ground Lease, the Board leases the field surface at Malone Stadium to the Facilities for the sum of $1 per year. The Facilities entered into the Ground Lease for the purpose of removing the existing field surface at Malone Stadium and installing artificial turf. The Board owns all of the facilities included in the Ground Lease subject to the Facilities rights under the Ground Lease and, upon completion, will lease back the artificial field surface from the Facilities for use by the students, faculty, and staff of ULM and such other persons as set forth in the Facilities Lease described below.

Unless terminated sooner as provided in the Ground Lease, the lease will terminate on the earlier of (i) April 16, 2012, or (ii) the date on which the loan issued on behalf of the Facilities to pay for the removal of the existing surface and installation of the artificial surface has been paid or has been deemed to have been paid in full.

Facilities Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into an Agreement to Lease With Option to Purchase (the "Facilities Lease")

NOTE 7 – GROUND AND FACILITIES LEASE AGREEMENTS (CONTINUED)

on April 17, 2007. Under the terms of the Facilities Lease, the Facilities will lease, upon completion of installation of the artificial surface at Malone Stadium to the Board, and the Board agrees, upon completion of installation of the artificial surface to accept possession of the artificial surface. Under the terms of the Facilities Lease, the Board is required to pay a base rental and an additional rental to the Facilities for the use of the artificial surface. The base rental is due monthly, on the 1st day of the month preceding the next interest and principal payment date, in an amount equal to the amount necessary to pay the principal and interest due and payable on the loan on the following principal payment date. In addition to the base rental, the Board agrees to pay as additional rental any and all expenses incurred by the Facilities on behalf of the Board and/or by the Board or ULM in the management, operation, and/or maintenance of the parking projects.

Unless terminated sooner as provided in the Facilities Lease, the lease will terminate on the earlier of (i) April 16, 2012, or (ii) the date that all amounts owed under the loan have been paid.

Student Success Center

Ground Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into a Ground and Buildings Lease Agreement (the "Ground Lease") on October 25, 2007. Under the terms of the Ground Lease, the Board leases certain tracts of land owned by the Board and located on the campus of ULM to the Facilities for the sum of $1 per year. The Facilities entered into the Ground Lease for the purpose of demolishing and/or renovating certain existing buildings and developing, constructing, and equipping the Clarke M. Williams Student Success Center, related facilities, and other campus improvements. The Board owns all of the facilities included in the Ground Lease subject to the Facilities rights under the Ground Lease and, upon completion, will lease back the Clarke M. Williams Student Success Center, related facilities, and other campus improvements from the Facilities for use by the students, faculty, and staff of ULM and such other persons as set forth in the Facilities Lease described below.

Unless terminated sooner as provided in the Ground Lease, the lease will terminate on the earlier of (i) October 25, 2032, or (ii) the date on which the Bonds issued on behalf of the Facilities to pay for construction of the Clarke M. Williams Student Success Center, related facilities, and other campus improvements have been paid or have been deemed to have been paid in full.

Facilities Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into an Agreement to Lease With Option to Purchase (the "Facilities Lease") on October 25, 2007. Under the terms of the Facilities Lease, the Facilities will lease, upon completion, the Clarke M. Williams Student Success Center, related facilities, and other campus improvements to the Board, and the Board agrees, upon completion of construction of such projects to accept possession of the projects.

Under the terms of the Facilities Lease, the Board is required to pay a base rental and an additional rental to the Facilities for the use of the Clarke M. Williams Student Success Center, related facilities, and other campus improvements. The base rental is due on the 15th day of the month preceding the dates that principal and/or

NOTE 7 – GROUND AND FACILITIES LEASE AGREEMENTS (CONTINUED)

interest are due and payable on the bonds and in amounts equal to the principal and/or interest due and payable. The base rental also includes payments made to meet the Replacement Fund funding requirements of the Indenture. The Board agrees to pay as additional rental any and all expenses incurred by the Facilities on behalf of the Board and/or by the Board or ULM in the management, operation, and/or maintenance of the aforementioned projects.

Unless terminated sooner as provided in the Facilities Lease, the lease will terminate on the earlier of (i) October 1, 2032, or (ii) the date that all amounts owed under the Indentures have been paid.

Scoreboards, Athletic Facilities Upgrades, & Electronic Display Boards

Ground Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into a Ground Lease Agreement (the "Ground Lease") on March 18, 2011. Under the terms of the Ground Lease, the Board leases certain tracts of land owned by the Board and located on the campus of ULM to the Facilities for the sum of $1 per year. The Facilities entered into the Ground Lease for the following purposes: (i) to install scoreboards at Malone Stadium, the baseball stadium, softball field, and soccer field; (ii) to install chair-back seating in Malone Stadium; (iii) to construct dugouts at the softball field and the soccer field; and (iv) to install two electronic display boards. The Board owns all of the facilities included in the Ground Lease subject to the Facilities rights under the Ground Lease and, upon completion, will lease back the electronic display boards, scoreboards, seating, and dugouts as set forth in the Facilities Lease described below.

Unless terminated sooner as provided in the Ground Lease, the lease will terminate on the earlier of (i) March 17, 2016, or (ii) the date on which the loan issued on behalf of the Facilities to pay for the installation of the scoreboards, seating, and electronic display board and the construction of the dugouts has been paid or has been deemed to have been paid in full.

Facilities Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into an Agreement to Lease With Option to Purchase (the "Facilities Lease") on March 18, 2011. Under the terms of the Facilities Lease, the Facilities will lease, upon completion of installation and/or construction, to the Board the following: (i) the scoreboards at Malone Stadium, the baseball stadium, softball field, and soccer field; (ii) the chair-back seating in Malone Stadium; (iii) the dugouts at the softball field and the soccer field; and (iv) two electronic display boards. The Board agrees, upon completion of installation and/or construction, to accept possession of the following: (i) the scoreboards at Malone Stadium, the baseball stadium, softball field, and soccer field; (ii) the chair-back seating in Malone Stadium; (iii) the dugouts at the softball field and the soccer field; and (iv) two electronic display boards. Under the terms of the Facilities Lease, the Board is required to pay a base rental to the Facilities for the use of the scoreboards, chair-back seating, dugouts, and electronic display boards. The base rental is due quarterly, on the 1st day of the month preceding the next interest and principal payment date, in an amount equal to the amount necessary to pay the principal and interest due and payable on the loan on the following principal

NOTE 7 – GROUND AND FACILITIES LEASE AGREEMENTS (CONTINUED)

payment date. In addition to the base rental, the Board agrees to pay as additional rental any and all expenses incurred by the Facilities on behalf of the Board and/or by the Board or ULM in the management, operation, and/or maintenance of the scoreboards, chair-back seating, dugouts, and electronic display boards.

Unless terminated sooner as provided in the Facilities Lease, the lease will terminate on the earlier of (i) March 17, 2016, or (ii) the date that all amounts owed under the loan have been paid.

Future Minimum Lease Payments and Rentals

Ground Lease Agreements

The future minimum lease payments under ground leases (operating leases) as of June 30, 2013, are as follows:

Year Ending June 30:	Amount
2014	$ 4
2015	4
2016	4
2017	3
2018	3
Thereafter	46
Total Minimum Lease Payments	$ 64

Facilities Lease Agreements

As discussed above, each facilities lease agreement between the Facilities and the Board contains a base rental and an additional rental. The base rental amount is equal to the amount necessary to pay the principal and interest due on each loan as such principal and interest is payable. The additional rental is to be received for expenses incurred by the Facilities on behalf of the Board and/or by the Board or ULM in the management, operation, and/or maintenance of the leased facilities. Due to the contingent nature of the additional rental, the future minimum rentals under the facilities leases (operating leases) as of June 30, 2013, are reported utilizing the base rental and, therefore, are equivalent to the aggregate maturities of long-term debt as indicated in Note 5 to the financial statements.

NOTE 8 – LAUNDRY ROOM LEASE

On February 10, 2005, the Facilities and Caldwell & Gregory, Inc. ("CGI") entered into a Laundry Room Lease agreement, which was subsequently amended to reflect an effective date of July 15, 2006. Under the terms of the lease agreement, CGI has agreed to install, maintain, and service coin-operated drying and laundry equipment on the campus of ULM. In addition, CGI has agreed to pay the Facilities 85% of all revenues over

NOTE 8 – LAUNDRY ROOM LEASE (CONTINUED)

a $32.50 average per machine per month. The payments are to be made at a rate of $850 per month with an accounting and a settlement to be made on an annual basis. The lease agreement terminates on July 14, 2018, and will automatically renew under the same terms, conditions, and length unless cancelled by either party not less than 30 days and not more than 180 days prior to the expiration of the then current term.

NOTE 9 – RELATED PARTY TRANSACTIONS

The Facilities reimburses ULM for certain operating expenses resulting from ULM's management of the Facilities various properties. The amount of reimbursable expenses totaled $2,271,879 and $2,330,125 for the years ended June 30, 2013 and 2012, respectively. At June 30, 2013 and 2012, the Facilities owed $395,757 and $389,987, respectively, to ULM for reimbursable expenses.

NOTE 10 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of the Facilities have been summarized on a functional basis in the statement of activities. Accordingly, all costs of the Facilities are deemed to be program-related expenses.

NOTE 11 – COMMITMENTS

On April 25, 2013, the Facilities entered into an agreement totaling an estimated $144,600 for the purchase of new video equipment for the ULM Athletics Department (the Video System Initiative). On June 19, 2013, the Facilities agreed to participate in a construction project at the south end zone (Malone Stadium Project), at an estimated cost of $200,000.

NOTE 12 – SUBSEQUENT EVENTS

The Facilities' management has evaluated subsequent events through August 27, 2013, the date which the financial statements were available for issue.

Subsequent to June 30, 2013, the Facilities has incurred $145,107.65 in costs related to the Video System Initiative. On July 3, 2013, the Facilities entered into a construction contract with Lincoln Builders of Ruston, Inc. for the Malone Stadium Project in the amount of $213,902. Subsequent to year end, payments in the amount of $69,344 have been made toward this contract.

NOTE 13 – TRANSFER OF FUNDS

On March 1, 2013 The Authority and Regions Bank entered into the "First Supplemental Trust Indenture". Article 2 of this agreement changed Section 4.8(a)(ix) of the Amended and Restated Indenture in its entirety to reads as follows: "(ix) Annually on November 1 of each year beginning November 1, 2012, any amounts remaining in the Receipts Fund after the payment required to be made to the Replacement Fund in excess of the amounts necessary to make payments from the Receipts Fund required by this Section 4.8 on such November 1 may be transferred, at the written direction of the Chief Business Officer of the Division of Business Affairs for the University or the President of the University, to the University or the Corporation". Pursuant to this agreement, $ 1,015,725 was transferred to the University.

Supplemental Information

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

SCHEDULE OF REVENUES, EXPENSES, AND CAPITALIZED EXPENDITURES MADE TO OR ON BEHALF OF ULM'S INTERCOLLEGIATE ATHLETICS PROGRAM

FOR THE YEAR ENDED JUNE 30, 2013

	2013
Revenues Contributed To or On Behalf of ULM's Intercollegiate Athletics Program	$ -
Expenses Paid To or On Behalf of ULM's Intercollegiate Athletics Program	$ 82,618
Capital Expenditures Paid To or On Behalf of ULM's Intercollegiate Athletics Program	$ -